

Message Text

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21

ACTION EA-09

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01 PRS-01

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R 090621Z JAN 76

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 2186

INFO AMEMBASSY SINGAPORE

LIMITED OFFICIAL USE KUALA LUMPUR 0141

E.O. 11652: N/A

TAGS: BEXP, MY

SUBJ: MAJOR PROJECT: MALAYSIA PETROLEUM REFINERY AND
PETROCHEMICAL COMPLEX (PETROGAS)

REF: 75 KUALA LUMPUR 2484, 75 KUALA LUMPUR 0857, 75 KUALA
LUMPUR 0152

1. BEGIN UNCLASSIFIED. PRESS ARTICLE REPORTS PETROGAS PROJECT
FOR OIL REFINERY AND PETROCHEMICAL COMPLEX TO BE BUILT AT PORT
DICKSON HAS REACHED FINAL ROUND OF DISCUSSIONS AND IMPLEMENTATION
AWAITS ONLY GREEN LIGHT FROM PRIME MINISTER. CONSULTANT OF
PETROGAS HAS JUST RETURNED FROM TWO MONTH VISIT OF ARAB AND
EUROPEAN COUNTRIES CONCERNED WITH PROJECT AND PETROGAS NOW AWAIT-
ING FORMAL AGREEMENT BY ALL PARTIES CONCERNED.

2. ARAB OIL COUNTRIES WILL HOLD 40 PERCENT EQUITY; MALAYSIAN
INTERESTS INCLUDING GOVT 51 PERCENT; AND REMAINING SHARES BY
EUROPEAN COMPANIES. COST IS ESTIMATED M\$1.5 BILLION (US\$600
MILLION). COMPLEX, USING MIDDLE EAST CRUDE, EXPECTED PRODUCE
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1,500 TONS PER DAY OF UREA, 200,000 TONS PER YEAR OF ETHYLENE,

AND 250,000 BARRELS OF REFINED OIL A DAY.
PETROGAS ALSO PLANS SET UP LIQUIFIED NATURAL GAS AND PLASTIC
INDUSTRY. PRODUCTS WOULD BE MAINLY FOR EXPORT. END UNCLASSIFIED.

3. BEGIN LIMITED OFFICIAL USE. WE CHECKED WITH T. JAYADENAN,
VICE CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF PETROGAS (SEE
REFTELS), WHO CONFIRMS INFORMATION CONTAINED PRESS ARTICLE. HE
STATES CERTAIN ELEMENTS OF FEDERAL GOVERNMENT (PRESUMABLY
PETRONAS--NATIONAL OIL COMPANY) HAVE NOT GIVEN THEIR APPROVAL FOR
PROJECT. HE SAYS FINANCING FOR PROJECT IS FIRM AND THAT PETROGAS
STILL CONSIDERING FLUOR EASTERN INC. FOR ENGINEERING CONTRACT.
(FLUOR REP, WHO RESIDES IN SINGAPORE, IS OUT OF TOWN UNTIL MID-
JANUARY AND NOT AVAILABLE FOR COMMENT.)

4. COMMENT. PETRONAS HAS MADE NO PUBLIC STATEMENT ON ARTICLE.
PETRONAS IS PRESENTLY IN PROCESS OF SELECTING CONTRACTOR TO DRAW
UP MASTER DEVELOPMENT PLAN FOR PETROLEUM AND GAS INDUSTRY IN
MALAYSIA INCLUDING DOWNSTREAM FACILITIES. TENGKU RAZALEIGH, CHAIR-
MAN OF PETRONAS, HAS STATED PREVIOUSLY THAT ALL PETROLEUM PROJECTS
MUST BE APPROVED BY PETRONAS, AND BE IN ACCORDANCE WITH THE OVERALL
MASTER PLAN. END LIMITED OFFICIAL USE.

UNDERHILL

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